
SENATE BILL 5178

State of Washington

60th Legislature

2007 Regular Session

By Senators Fraser, Sheldon, Kline, Eide, Fairley, Rockefeller, Prentice, McAuliffe, Franklin, Shin, Weinstein and Rasmussen

Read first time 01/12/2007. Referred to Committee on Ways & Means.

1 AN ACT Relating to purchasing an increased benefit multiplier for
2 past judicial service for judges in the public employees' retirement
3 system and the teachers' retirement system; amending RCW 41.40.124,
4 41.40.127, 41.40.870, 41.40.873, and 41.32.584; adding new sections to
5 chapter 41.40 RCW; adding a new section to chapter 41.32 RCW; providing
6 an effective date; and declaring an emergency.

7 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

8 **Sec. 1.** RCW 41.40.124 and 2006 c 189 s 5 are each amended to read
9 as follows:

10 (1) Between January 1, 2007, and December 31, 2007, a member of
11 plan 1 or plan 2 employed as a supreme court justice, court of appeals
12 judge, or superior court judge may make a one-time irrevocable
13 election, filed in writing with the member's employer, the department,
14 and the administrative office of the courts, to accrue an additional
15 benefit equal to one and one-half percent of average final compensation
16 for each year of future service credit from the date of the election in
17 lieu of future employee and employer contributions to the judicial
18 retirement account plan under chapter 2.14 RCW.

1 (2)(a) A member who chooses to make the election under subsection
2 (1) of this section may apply to the department to increase the
3 member's benefit multiplier by an additional one and one-half percent
4 per year of service for the period in which the member served as a
5 justice or judge prior to the election. The member may purchase the
6 higher benefit multiplier for all or part of the member's prior
7 judicial service beginning with the most recent judicial service. The
8 member shall pay(~~, for the applicable period of service,~~) five
9 percent of the salary earned for each month of service for which the
10 higher benefit multiplier is being purchased, plus interest as
11 determined by the director. The purchase price shall not exceed the
12 actuarially equivalent value of the increase in the member's benefit
13 resulting from the increase in the benefit multiplier (~~as determined~~
14 ~~by the director~~). This payment must be made prior to retirement.

15 (b) Subject to rules adopted by the department, a member applying
16 to increase the member's benefit multiplier under this section may pay
17 all or part of the cost with a lump sum payment, eligible rollover,
18 direct rollover, or trustee-to-trustee transfer from an eligible
19 retirement plan. The department shall adopt rules to ensure that all
20 lump sum payments, rollovers, and transfers comply with the
21 requirements of the internal revenue code and regulations adopted by
22 the internal revenue service. The rules adopted by the department may
23 condition the acceptance of a rollover or transfer from another plan on
24 the receipt of information necessary to enable the department to
25 determine the eligibility of any transferred funds for tax-free
26 rollover treatment or other treatment under federal income tax law.

27 **Sec. 2.** RCW 41.40.127 and 2006 c 189 s 6 are each amended to read
28 as follows:

29 (1) Between January 1, 2007, and December 31, 2007, a member of
30 plan 1 or plan 2 employed as a district court judge or municipal court
31 judge may make a one-time irrevocable election, filed in writing with
32 the member's employer and the department, to accrue an additional
33 benefit equal to one and one-half percent of average final compensation
34 for each year of future service credit from the date of the election.

35 (2)(a) A member who chooses to make the election under subsection
36 (1) of this section may apply to the department to increase the
37 member's benefit multiplier by one and one-half percent per year of

1 service for the period in which the member served as a judge prior to
2 the election. The member may purchase the higher benefit multiplier
3 for all or part of the member's prior judicial service beginning with
4 the most recent judicial service. The member shall pay(~~(, for the~~
5 ~~applicable period of service,)~~) five percent of the salary earned for
6 each month of service for which the higher benefit multiplier is being
7 purchased, plus interest as determined by the director. The purchase
8 price shall not exceed the actuarially equivalent value of the increase
9 in the member's benefit resulting from the increase in the benefit
10 multiplier (~~(as determined by the director)~~). This payment must be
11 made prior to retirement.

12 (b) Subject to rules adopted by the department, a member applying
13 to increase the member's benefit multiplier under this section may pay
14 all or part of the cost with a lump sum payment, eligible rollover,
15 direct rollover, or trustee-to-trustee transfer from an eligible
16 retirement plan. The department shall adopt rules to ensure that all
17 lump sum payments, rollovers, and transfers comply with the
18 requirements of the internal revenue code and regulations adopted by
19 the internal revenue service. The rules adopted by the department may
20 condition the acceptance of a rollover or transfer from another plan on
21 the receipt of information necessary to enable the department to
22 determine the eligibility of any transferred funds for tax-free
23 rollover treatment or other treatment under federal income tax law.

24 **Sec. 3.** RCW 41.40.870 and 2006 c 189 s 8 are each amended to read
25 as follows:

26 (1) Between January 1, 2007, and December 31, 2007, a member of
27 plan 3 employed as a supreme court justice, court of appeals judge, or
28 superior court judge may make a one-time irrevocable election, filed in
29 writing with the member's employer, the department, and the
30 administrative office of the courts, to accrue an additional plan 3
31 defined benefit equal to six-tenths percent of average final
32 compensation for each year of future service credit from the date of
33 the election in lieu of future employer contributions to the judicial
34 retirement account plan under chapter 2.14 RCW.

35 (2)(a) A member who chooses to make the election under subsection
36 (1) of this section may apply to the department to increase the
37 member's benefit multiplier by six-tenths percent per year of service

1 for the period in which the member served as a justice or judge prior
2 to the election. The member may purchase the higher benefit multiplier
3 for all or part of the member's prior judicial service beginning with
4 the most recent judicial service. The member shall pay(~~(, for the~~
5 ~~applicable period of service,)~~) two and one-half percent of the salary
6 earned for each month of service for which the higher benefit
7 multiplier is being purchased, plus interest as determined by the
8 director. The purchase price shall not exceed the actuarially
9 equivalent value of the increase in the member's benefit resulting from
10 the increase in the benefit multiplier (~~(as determined by the~~
11 ~~director)~~). This payment must be made prior to retirement.

12 (b) Subject to rules adopted by the department, a member applying
13 to increase the member's benefit multiplier under this section may pay
14 all or part of the cost with a lump sum payment, eligible rollover,
15 direct rollover, or trustee-to-trustee transfer from an eligible
16 retirement plan. The department shall adopt rules to ensure that all
17 lump sum payments, rollovers, and transfers comply with the
18 requirements of the internal revenue code and regulations adopted by
19 the internal revenue service. The rules adopted by the department may
20 condition the acceptance of a rollover or transfer from another plan on
21 the receipt of information necessary to enable the department to
22 determine the eligibility of any transferred funds for tax-free
23 rollover treatment or other treatment under federal income tax law.

24 (3) A member who chooses to make the election under subsection (1)
25 of this section shall contribute a minimum of seven and one-half
26 percent of pay to the member's defined contribution account.

27 **Sec. 4.** RCW 41.40.873 and 2006 c 189 s 9 are each amended to read
28 as follows:

29 (1) Between January 1, 2007, and December 31, 2007, a member of
30 plan 3 employed as a district court judge or municipal court judge may
31 make a one-time irrevocable election, filed in writing with the
32 member's employer and the department, to accrue an additional plan 3
33 defined benefit equal to six-tenths percent of average final
34 compensation for each year of future service credit from the date of
35 the election.

36 (2)(a) A member who chooses to make the election under subsection
37 (1) of this section may apply to the department to increase the

1 member's benefit multiplier by six-tenths percent per year of service
2 for the period in which the member served as a judge prior to the
3 election. The member may purchase the higher benefit multiplier for
4 all or part of the member's prior judicial service beginning with the
5 most recent judicial service. The member shall pay(~~(, for the~~
6 ~~applicable period of service,)~~) two and one-half percent of the salary
7 earned for each month of service for which the higher benefit
8 multiplier is being purchased, plus interest as determined by the
9 director. The purchase price shall not exceed the actuarially
10 equivalent value of the increase in the member's benefit resulting from
11 the increase in the benefit multiplier (~~(as determined by the~~
12 ~~director)~~). This payment must be made prior to retirement.

13 (b) Subject to rules adopted by the department, a member applying
14 to increase the member's benefit multiplier under this section may pay
15 all or part of the cost with a lump sum payment, eligible rollover,
16 direct rollover, or trustee-to-trustee transfer from an eligible
17 retirement plan. The department shall adopt rules to ensure that all
18 lump sum payments, rollovers, and transfers comply with the
19 requirements of the internal revenue code and regulations adopted by
20 the internal revenue service. The rules adopted by the department may
21 condition the acceptance of a rollover or transfer from another plan on
22 the receipt of information necessary to enable the department to
23 determine the eligibility of any transferred funds for tax-free
24 rollover treatment or other treatment under federal income tax law.

25 (3) A member who chooses to make the election under subsection (1)
26 of this section shall contribute a minimum of seven and one-half
27 percent of pay to the member's defined contribution account.

28 **Sec. 5.** RCW 41.32.584 and 2006 c 189 s 7 are each amended to read
29 as follows:

30 (1) Between January 1, 2007, and December 31, 2007, a member of
31 plan 1 employed as a supreme court justice, court of appeals judge, or
32 superior court judge may make a one-time irrevocable election, filed in
33 writing with the member's employer, the department, and the
34 administrative office of the courts, to accrue an additional benefit
35 equal to one and one-half percent of average final compensation for
36 each year of future service credit from the date of the election.

1 (2)(a) A member who chooses to make the election under subsection
2 (1) of this section may apply to the department to increase the
3 member's benefit multiplier by one and one-half percent per year of
4 service for the period in which the member served as a justice or judge
5 prior to the election. The member may purchase the higher benefit
6 multiplier for all or part of the member's prior judicial service
7 beginning with the most recent judicial service. The member shall
8 pay(~~(, for the applicable period of service,)~~) five percent of the
9 salary earned for each month of service for which the higher benefit
10 multiplier is being purchased, plus interest as determined by the
11 director. The purchase price shall not exceed the actuarially
12 equivalent value of the increase in the member's benefit resulting from
13 the increase in the benefit multiplier (~~as determined by the~~
14 ~~director~~). This payment must be made prior to retirement.

15 (b) Subject to rules adopted by the department, a member applying
16 to increase the member's benefit multiplier under this section may pay
17 all or part of the cost with a lump sum payment, eligible rollover,
18 direct rollover, or trustee-to-trustee transfer from an eligible
19 retirement plan. The department shall adopt rules to ensure that all
20 lump sum payments, rollovers, and transfers comply with the
21 requirements of the internal revenue code and regulations adopted by
22 the internal revenue service. The rules adopted by the department may
23 condition the acceptance of a rollover or transfer from another plan on
24 the receipt of information necessary to enable the department to
25 determine the eligibility of any transferred funds for tax-free
26 rollover treatment or other treatment under federal income tax law.

27 NEW SECTION. Sec. 6. A new section is added to chapter 41.40 RCW
28 under the subchapter heading "provisions applicable to plan 1, plan 2,
29 and plan 3" to read as follows:

30 A member who purchased the higher benefit multiplier for prior
31 judicial service prior to the effective date of this act may, between
32 July 1, 2007, and December 31, 2007, apply to the department to have
33 the higher benefit multiplier cost recalculated under RCW 41.40.124 and
34 41.40.127. Any difference in the cost in favor of the member shall be
35 remitted to the member.

1 NEW SECTION. **Sec. 7.** A new section is added to chapter 41.40 RCW
2 under the subchapter heading "plan 3" to read as follows:

3 A member who purchased the higher benefit multiplier for prior
4 judicial service prior to the effective date of this act may, between
5 July 1, 2007, and December 31, 2007, apply to the department to have
6 the higher benefit multiplier cost recalculated under RCW 41.40.870 and
7 41.40.873. Any difference in the cost in favor of the member shall be
8 remitted to the member.

9 NEW SECTION. **Sec. 8.** A new section is added to chapter 41.32 RCW
10 under the subchapter heading "plan 1" to read as follows:

11 A member who purchased the higher benefit multiplier for prior
12 judicial service prior to the effective date of this act may, between
13 July 1, 2007, and December 31, 2007, apply to the department to have
14 the higher benefit multiplier cost recalculated under RCW 41.32.584.
15 Any difference in the cost in favor of the member shall be remitted to
16 the member.

17 NEW SECTION. **Sec. 9.** This act is necessary for the immediate
18 preservation of the public peace, health, or safety, or support of the
19 state government and its existing public institutions, and takes effect
20 July 1, 2007.

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